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Programme and Budget Committee

Fifteenth session
Vienna, 14-16 April 1999
Item 2 of the provisional agenda

PROVISIONAL AGENDA

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Programme and Budget Committee

Fifteenth session
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Item 3 of the provisional agenda

ANNOTATED PROVISIONAL AGENDA

In accordance with rule 17.2 of the rules of procedure (UNIDO/4), the fifteenth session of the Programme and Budget Committee will be opened by the Chairman of the Committee, Mr. S. Umer (Pakistan).

Item 1. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 also stipulates that the offices of the Chairman, the three Vice-Chairmen and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the fifteenth session should be elected from members of the Committee from States in List D of Annex I to the Constitution and the three Vice-Chairmen from the African States in List A, Asian States in List A, and States in List C, respectively. The Rapporteur should be elected from members of the Committee from States included in List B.

Item 2. Adoption of the agenda

A provisional agenda for the fifteenth session of the Committee, prepared by the Director-General in consultation with the Chairman of the Committee in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.15/1.

Item 3. Financial situation of UNIDO

In decision IDB.19/Dec.5, the Board adopted the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1) and requested the Director-General, as agreed by the General Conference, to take forward the measures recommended therein. The Board invited the Director-General to report on a regular basis on the progress achieved in the settlement of arrears and in the timely payment of assessed contributions. Information on the progress achieved has been included in documents PBC.14/7-IDB.20/8 and IDB.20/CRP.3.

The Committee will have before it:

- Financial situation of UNIDO. Report by the Director-General (PBC.15/4-IDB.21/4) (to be updated before the session)

3 (a) Interim financial performance report and programme performance report for the biennium 1998-1999

Financial regulation 10.6 stipulates that, at the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Programme and Budget Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned.

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Furthermore, the Committee in its conclusion 1987/19 requested the Director-General to submit each year to the Board, through the Committee, a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, upon recommendation of the Committee and the Board, the General Conference requested the Director-General to incorporate fully in the annual reports the programme performance report for the relevant period (GC.4/Res.2). Thus, the *Annual Report of UNIDO 1998* contains the programme performance report for 1998. This information is supplemented by the financial statements, which continue to be issued as part of the interim financial performance report.

The Committee will have before it:

- Interim financial performance report for the biennium 1998-1999. Submitted by the Director-General (PBC.15/9-IDB.21/9)

- *Annual Report of UNIDO 1998* (including interim programme performance report for the biennium 1998-1999) (PBC.15/10-IDB.21/10, PBC.15/11-IDB.21/11 and PBC.15/12-IDB.21/12)

3 (b) Cost-sharing issues with VIC-based organizations

Among the adjustments to the programme and budgets, 1998-1999, proposed by the Director-General to the fourteenth session of the Committee (PBC.14/6-IDB.20/7) was the transfer of responsibility for buildings management to another VIC-based organization, as well as support to the Vienna chapter of the Group of 77 and China. In its conclusion 98/4, the Committee encouraged the Director-General to continue his consultations with the other organizations to find a solution to the issue of buildings management and the Group of 77 Vienna chapter office, and to present concrete proposals to the Board at its twenty-first session. A report on the future of Buildings Management Section issued to the twentieth session of the Board (IDB.20/18) discussed developments with respect to buildings management following the adoption of PBC conclusion 98/4.

In decision IDB.20/Dec.5, the Board endorsed the adjustments to the programme and budgets for 1998-1999 outlined in paragraphs 13 to 21 of document IDB.20/7, within the context of General Conference decision GC.7/Dec.16, paragraph (e). The Board requested the Director-General, in accordance with financial regulation 3.9, to submit for approval by the eighth session of the General Conference the necessary supplementary estimates for the current fiscal period for the measures relating to buildings management and VIC essential requirements. The Committee will thus recommend to the Board a draft decision for consideration by the General Conference in accordance with the stipulations contained in Board decision IDB.20/Dec.5.

The Committee will have before it:

- Cost-sharing issues with VIC-based organizations. Report by the Director-General (PBC.15/5-IDB.21/5)

Item 4. Programme and budgets, 2000-2001

In accordance with Articles 14.1 and 14.2 of the Constitution, the Director-General shall prepare and submit to the Board through the Committee a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director-General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director-General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting.

The Committee will have before it:

- Programme and budgets, 2000-2001. Proposals of the Director-General (PBC.15/7-IDB.21/7)

4 (a) Scale of assessments for apportionment of the regular budget expenses

The General Conference at its eighth session will have to establish a scale of assessments for the years 2000 and 2001. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations and that no Member shall be assessed more than 25 per cent of the regular budget of the Organization. The Committee will be provided with the latest information concerning the United Nations scale of assessments for the years 2000 and 2001 and any adjustments that might be required for UNIDO.

The Committee will have before it:

- Scale of assessments for the fiscal period 2000-2001. Note by the Secretariat (PBC.15/3-IDB.21/3)

4 (b) Working Capital Fund for the biennium 2000-2001

In accordance with financial regulation 5.4 (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the 2000-2001 biennium. At its seventh session, the General Conference decided (decision GC.7/Dec.12) that the level of the Working Capital Fund should be $6,610,000 and that the authorized purposes of the Fund for the 1998-1999 biennium should remain the same as for the 1996-1997 biennium, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

The Committee will have before it:

- Working Capital Fund for the biennium 2000-2001. Proposals by the Director-General (PBC.15/2-IDB.21/2)

Item 5. Medium-term programme framework, 2000-2003

In accordance with General Conference decision GC.2/Dec.23 and as subsequently modified in decision GC.6/Dec.10, the Director-General is requested to submit to the Board in the first year of each fiscal period, through the Committee, a draft medium-term programme framework for the four years that follow the current fiscal period. Furthermore, in compliance with paragraph (b)(v)d of the same decision, the Director-General should also submit a preview of the biennium 2000-2001 indicating a general ceiling for that biennium.

In decision GC.7/Dec.15, paragraph (d), the General Conference decided that, in view of decision IDB.17/Dec.2 concerning the Business Plan on the Future Role and Functions of UNIDO and the programme and budgets, 1998-1999, as approved by the General Conference, the medium-term programme framework, 1998-2001 (IDB.16/23 and Add.1) was no longer applicable. The Conference requested the Director-General to submit to the fifteenth session of the Committee a revised medium-term programme framework, 2000-2003, and a preliminary indicative general ceiling for the programme and budgets, 2000-2001. Subsequently, a preview of the medium-term programme framework, 2000-2003, and preliminary indicative general ceiling for the programme and budgets, 2000-2001, were submitted to the twentieth session of the Board through the Programme and Budget Committee (PBC.14/8-IDB.20/9). At its twentieth session, the Board adopted decision IDB.20/Dec.6, which requested the Director-General to prepare a revised medium-term programme framework, taking into account, *inter alia*, the comments made during the fourteenth session of the Committee and the twentieth session of the Board.

The Committee will have before it:

- Medium-term programme framework, 2000-2003. Proposals of the Director-General (PBC.15/13-IDB.21/13)

Item 6. Industrial Development Fund and other voluntary contributions

In accordance with Article 17 of the Constitution, in order to increase the resources of the Organization and to enhance its ability to meet promptly and flexibly the needs of the developing countries, the Organization shall have an Industrial Development Fund (IDF) which will be financed through the voluntary contributions to the Organization provided for in Article 16, and other income as may be provided for in the financial regulations of the Organization. The Director-General shall administer IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization. Rules governing the financial management of IDF, which were prepared by the Director-General in accordance with the financial regulations, are contained in the Financial Rules of UNIDO (UNIDO/DG/B.74/Rev.1/Amend.1).

In accordance with Board decision IDB.4/Dec.30, the Director-General is to provide information as to the nature of projects financed from the Fund, indicating therein the projects financed from its general-purpose segment as well as information as to the projects financed from its special-purpose segment. In Programme and Budget Committee conclusion 95/5 and subsequently in Board decision IDB.14/Dec.3 the Director-General was requested to reflect information on trust fund contributions from Member States in the programme performance report.

The Committee will have before it:

- Industrial Development Fund and other voluntary contributions. Report by the Director-General (PBC.15/8-IDB.21/8)

- Information on the nature of projects financed from the Industrial Development Fund, contained in the *Annual Report of UNIDO 1998* (PBC.15/11-IDB.21/11, appendix B)

- Information on the nature of projects financed from third party and self-financed trust funds, contained in the *Annual Report of UNIDO 1998* (PBC.15/11-IDB.21/11, appendix C)

Item 7. Proposals for the appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the General Conference.

The Conference, by decision GC.7/Dec. 13, decided to extend the appointment of the President of the Federal Court of Audit of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 1998 to 30 June 2000. In decision GC.6/Dec.18, the Conference requested the Director-General, in future, to invite proposals from Member States for the appointment of an external auditor and to submit such proposals to the Committee for consideration.

The Committee will have before it:

- Candidatures for the appointment of an External Auditor. Report by the Director-General (PBC.15/6-IDB.21/6)

Item 8. Date of the sixteenth session

The following dates have been tentatively reserved for the policy-making organs of UNIDO in 2000:

29 May-2 June	Industrial Development Board, twenty-second session
4-8 September	Programme and Budget Committee, sixteenth session
13-17 November	Industrial Development Board, twenty-third session

Item 9. Adoption of the report